File Civil Service Retirement

SECTIONAL ANALYSIS OF THE FEDERAL EMPLOYEES' RETIREMENT CONTRIBUTION TEMPORARY ADJUSTMENT ACT OF 1983

Section 1 states that the Act may be cited as the "Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983".

Section 2 is a statement of the policy of this legislation. It generally provides that employees of the federal government who for the first time will be covered under the Social Security Act beginning in January of 1984 will temporarily be relieved of the full contribution amount to the various federal retirement systems. Instead, they will contribute, in addition to the social security amount, 1.3% to the retirement system covering them. This provision will terminate at the earlier of enactment of a new retirement plan or January 1, 1986.

It also provides that the government will assure continuing contributions be made into the retirement funds to keep the funds solvent. It also states that once a new plan is established covering employees hired after January of 1984, such employees will be transferred to the new program. Finally, any benefits received during the interim period will be offset by any social security benefits received.

Section 3 is a list of definitions. The two important definitions are "covered retirement system" and "covered service".

Covered retirement system means the Civil Service Retirement Program, the Foreign Service Retirement Program, the Central Intelligence Agency Retirement Program, and any other federal retirement program which includes employees who will for the first time be required to make social security payments beginning in January of 1984 and who also are currently required to make contributions to a retirement program.

Covered service means service which beginning in January of 1984 is considered employment for the purposes of the Social Security Act.

Section 4 calls for reducing employees' required contributions to their retirement programs to 1.3% of basic pay. It also requires that agencies continue to contribute the full employee contribution to the retirement programs as they do under current law.

Section 5 provides that the Treasury will directly appropriate to the retirement funds the remainder of the employee's contribution which the employees are not paying. Those amounts will be amortized over a 30-year period.

Section 6 provides that any benefit received under the retirement programs during this interim period such as survivor and disability benefits will be offset dollar-for-dollar by any social security benefits received for the same purpose attributable to the interim period.

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Section 7 provides that any federal employee hired after January of 1984 and who becomes covered under the Social Security System shall be transferred to the new government retirement system when that system is established. All credit accrued under the current retirement programs shall be transferred to the new program and such credit shall be terminated for benefit purposes under the current retirement programs.

Section 8 provides that those employees who are currently employed in the federal government but who also will be covered under the social security program shall only be entitled to a benefit based upon service during this interim period if they make the full deposit under the program as required by law. The two exceptions are for an employee who becomes entitled to a disability benefit or who dies during service and whose survivor becomes entitled to a benefit. In these cases, a redeposit is not necessary.

It also provides that if a new retirement program is not enacted by January 1, 1986, those employees hired during the interim period will be required to redeposit full contributions to the respective retirement funds to gain credit under the current retirement programs for the interim period.